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Hart, William Henry  
Harrison

An American financial  
system

[S.I.]

[1893]

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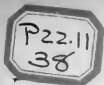
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# AN AMERICAN FINANCIAL SYSTEM.

## Broad Statesmanship Dictates a True National Policy.

Outlined by Attorney General W. H. H. Hart  
of California.

[From FAIR PLAY, SAN FRANCISCO, August 19, 1893.]

Senators and Representatives in Congress assembled are earnestly invited to consider the national financial system herewith outlined by Attorney-General W. H. H. Hart, of California, as an American system on which all patriotic men can come to an immediate agreement:

SAN FRANCISCO, July 17, 1893.

EDITOR FAIR PLAY:

I find in substance that the gold-bugs of the world and the present Federal administration claim that the whole blame of the stringency in the money market should be laid to the "Sherman" law and to silver in general. There never was such an absurd idea, for we all know that the first great crash came in Australia where the banking failures amounted to over \$300,000,000. This was in a gold country where silver was ignored; no Sherman law or Bland bill or free silver coinage existed there, and hence silver can not be blamed for the failure of the Baring Brothers or the banks of Australia.

During the last ten years I have given considerable time and labor to the study of the silver question, and have written an extended article on that subject, not yet published, giving tables showing the exports and imports of both merchandise and treasure, and the ratios of gold and silver for several generations back, and have in my judgment worked out a scheme that ought to be adopted by the United States on this question. Without going into detail I will give you a synopsis of the same.

In commencing, I would like to ask why it is that England and Germany, non-producers of silver, should fix or determine the price of silver? There is no nation on the face of the earth that fixes the price of an article it does not produce, with this exception. My idea is, that on account of diversified interests of the several American states, that

the United States should adopt a policy of its own on the monetary question, and on that subject my views are that we as a nation should adopt three kinds of money: *First*, gold and gold certificates; *Second*, silver and silver certificates; *Third*, greenbacks or treasury notes.

*First*, there should be free coinage of gold, and gold certificates should be issued to parties depositing bullion or gold coin in the U. S. Treasury when desired, and they should be a legal tender.

*Second*, At the present rate of mintage of the United States standard silver dollars an ounce of silver is worth \$1.2929; that there should be free coinage of all silver produced from the mines in the United States at the rate of \$1.29 per ounce, and that any person or corporation depositing silver produced in the United States, or on which duty has been paid, shall receive \$1.29 per ounce either in standard silver dollars or silver certificates, *and that all silver coined and certificates issued shall be guaranteed by the full faith and credit of the general government*, for the purpose of making the legal tender status of the certificates and silver dollars perpetual as to all coined and issued under this system, and thus satisfy the farmers, mechanics and all persons who desire to handle paper money instead of silver, and to meet the objection of those who think silver too bulky and thus create a paper money convenient for public and private use, *and backed by the credit of the general government in order that perpetual confidence* will be given to the people of the value of the certificates backed by the coined dollars in the treasury, and that all silver dollars and silver certificates to be a legal tender, for all debts, public and private, except where otherwise expressly provided by written contract; this last feature is to satisfy the men and bankers who have gold and are afraid they will lose it; by the system of contracts as stated they will be able *when they lend gold to contract to receive gold* in return, and by this silver ought to have the friendly assistance of all honest gold men in securing the passage of a law embodying these provisions; the excess of 29 mills per ounce to be retained by the government for the expense of issuing the certificates and minting the money. Again, the advantage of silver certificates is that the coin is in the treasury, and is not lost or worn by handling. If the government can issue a greenback costing but little and make it money and a legal tender by saying so, it ought not to hesitate in giving full faith and credit to a silver certificate backed by a silver dollar in the treasury worth intrinsically at least something; and by this faith and credit guarantee that all dollars coined or certificates issued under this provision shall forever be a legal tender whether the act creating the same be repealed or not. It is the uncertainty as to what Congress will do with the silver issue that causes the present distrust.

I propose that a tariff be placed on all silver coin and bullion brought into the United States, which tariff should be equal to the difference between the market value in London and the minting value

in the United States on the date of its importation; also an import duty on lead and silver ores imported into the United States, which should be so adjusted as to protect the miners in the United States as well as the silver owned by the government, or in its vaults, the duty to be at least the equivalent between the market value of silver per ounce in London and the minting value in the United States; and that as the price of silver rises in London, the import duty shall accordingly decrease, and when a permanent value of silver in London is \$1.29 per ounce for at least six consecutive months then free coinage shall take place.

The objects of this import duty on silver are many:

*First*, to compel England and Germany (which have demonetized silver) to pay in gold their monthly trade balances due the United States or her people, as we now have to pay in gold the balances when against us.

*Second*, to compel England to retain and maintain the silver standard in India in order to obtain a market for her Mexican and South American silver, and to keep the silver in India and other countries from coming into the United States.

*Third*, to compel Germany to pay the import duty to this country on all silver Germany obtains from Mexico and ships to the United States.

*Fourth*, to compel Mexico to pay an import duty on all silver ores and silver shipped to this country, which amounts to \$23,000,000 a year as a punishment for her refusal to protect our people when mining in that country, and for her failure to give her entire trade to the United States instead of giving it to England and Germany—the two countries that demonetized her leading product.

*Fifth*, to keep the reserves of silver in France, India, China, Austria and Mexico from coming to this country, and thereby competing with our own miners and making a glut of silver in this country.

*Sixth*, American gold can only leave the United States, as claimed by the gold-bugs, when we allow foreign silver to come in in exchange for our gold; the overproduction of silver in the United States would not force out gold to foreign countries if we allow the specific contract to exist, for our gold only goes to Europe when we buy in excess of our exports; and if Europe could not send her silver here and exchange for our gold, our gold is bound to stay unless the owners thereof see fit to send it out without due regard to course of trade.

*Seventh*, England, Germany and France and the rest of the world should not have the benefit of free coinage unless they will stand their proportion of the burdens.

I would also advise the making of a reciprocity treaty with every silver nation on the silver question to be confined to the mining product of that country. The objects to be thus obtained are these: Since 1859 the trade of Mexico, Central America, South America and the West

Indies, with this country has been against the United States. Since that date the United States has paid more than \$1,700,000,000 to the above-named countries in gold in order to settle our balances of trade with those countries. Now, it is quite evident that if we adopt free coinage and open our mints to the world, these countries will dump their silver into the United States and still continue their trade with England and other countries; whereas, if we place an import duty on silver and then enter into reciprocity with these countries on silver produced from their mines on condition that they deal with us, we will, by diplomacy, secure their trade and be able to pay our monthly balances with them in silver instead of gold as we have done in the past and thus make a market for \$90,000,000 of silver per year—in fact a yearly market for more silver than the yearly silver product of the world. And when England and Germany see that they are losing the trade of the Spanish-American states because of the stand taken by the United States on the silver question and our reciprocity on this matter, they will remonetize silver in order to maintain their prestige in those countries.

If the United States adopts free coinage, and opens her mints to the world, is it not true that every nation will have the advantage of free coinage (less freight on silver to the United States) without assuming any of the risks and burdens connected therewith? Of course, no one can dispute this; hence a tariff is proper.

The plan I suggest is Republican, because it is protection to the American product and American miners and American silver. It is Democratic, because the import duty suggested is a tariff for revenue only, i. e., sufficient revenue to compensate the government for giving an extra value to the foreign silver imported. It is a National or Populist idea for it gives us money to pay our debts and do our business.

The principle is Republican, it is Democratic, it is Populist,—it is self-protection, it is legislation for ourselves and not for others. Then why not legislate for ourselves and not for the brokers and Shylocks of London?

*Third.* In reference to issue of greenbacks I will say that when the revenues of the government do not meet the appropriations, then issue greenbacks to make up the deficiency, and retire them when there is a surplus, the greenbacks to be a legal tender for all debts public and private.

This in my judgment would make a perfect financial system and one that would lead to prosperity and not to inflation.

Yours truly

W. H. H. HART.

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TITLE**